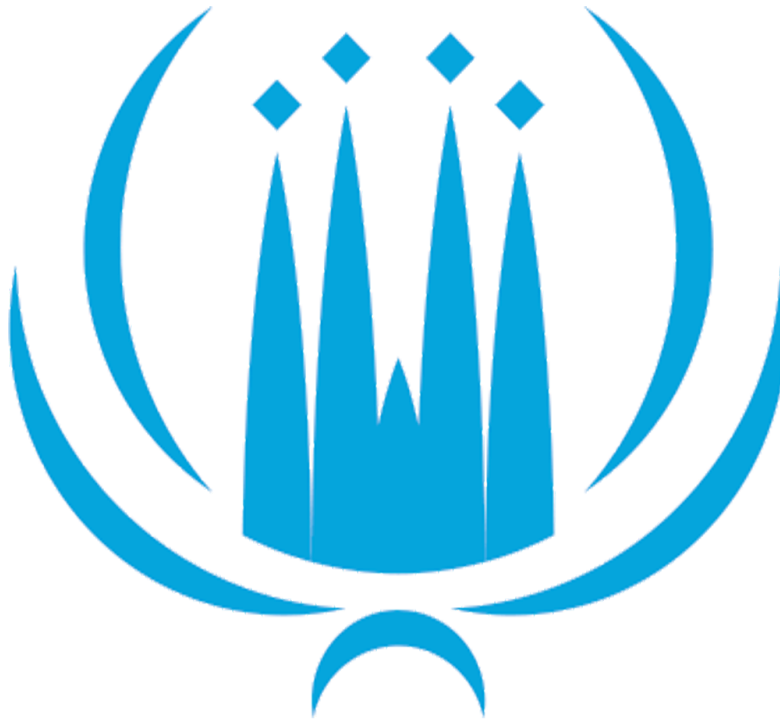




ECOFIN

BCNMUN 2026

From Crisis to Cooperation:
Navigating Instability in a Globalized World

Table of Contents

Table of Contents.....	2
Introduction.....	3
Definition of Key Terms.....	3
Background Information.....	4
Major Countries and Organisations Involved.....	6
Timeline of Events.....	7
Relevant UN Treaties and Resolutions.....	9
Previous Attempts to solve the Issue.....	10
Possible Solutions.....	10
Bibliography.....	11

Topic: Addressing the global economic impact of climate change on developing nations and their ability to compete in the maritime trade route.

Chair: Jasmine Idamar Bjorn-Hansen

Position: Expert Chair

Introduction

Climate change has become one of the greatest economic threats developing in countries, as it damages agriculture, ecosystems, and public health while also disrupting international trade. Extreme weather can destroy roads, railways, ports, and other transport infrastructure, causing delays and increasing the cost of moving goods. Rising sea levels and stronger storms can also affect port management, while changes in weather and resource availability may reduce production and make it harder for countries to compete in international markets. For those developing countries that rely significantly on their maritime activities, any disruption associated with climate change leads to significant economic implications. For developing countries, the situation may be even worse since their economies rely significantly on a few ports, they are ill-prepared to restore their damaged infrastructure after storms or floods, and have limited financial resources to invest in adaptation actions. On the other hand, the global trading system is becoming increasingly expensive and unpredictable. The maritime industry itself is feeling the pressure due to climate-related factors such as, rising sea levels, extreme weather, stronger storms, disruptions to shipping routes, and geopolitical volatility. In fact, according to the 2025 Review of Maritime Transport by UNCTAD, the sector operates in an environment characterised by “uncertain, volatile and higher costs,” caused by the rerouting cost for shipping. This suggests that climate change influences not only agricultural production or housing construction but also global trade connectivity. As far as the topic is concerned, ECOFIN should be interested in the issue since economic resilience, trade connectivity, adaptation finance, and sustainable development are interlinked. The inability to maintain the functioning of the ports and the cost-effectiveness, climate-resilient logistics limits cargo capacity and delays the loading, unloading, and transport of goods. This creates congestion, increases transport costs, and makes maritime trade routes less reliable, leading to supply shortages, higher prices, and reduced access to international markets.

Definition of Key Terms

Climate Change

Long-term changes in temperature, precipitation, and weather patterns mainly due to greenhouse gas emissions.

Adaptation

Efforts made in response to mitigate climate risks and to adopt economic systems, infrastructures, and institutions to changing climate.

Maritime Transport

Movement of cargo by sea through shipping, ports, and logistics channels. More than 80% of global cargo is transported by sea.

Competitiveness of Trade

A nation's ability to offer its products internationally with competitive prices and quality.

Resilience of Ports

A port's capacity to withstand climate stresses including flooding, sea level rise, storms, and warming.

Least Developed Countries (LDCs)

Countries classified by the United Nations as having very low income levels, low levels of human development and vulnerability to external shocks.

Small Island Developing States (SIDS)

Island nations are very vulnerable to sea level rise, storms and dependent on imports.

Climate Adaptation Finance

Public and private finance allocated to support climate adaptation efforts in developing countries.

Trade Facilitation

Actions that ease international business transactions such as digitised customs operations and maritime single windows.

Background Information

Historical Background Information

There's an interdependence between the two in terms of trade, which has been increasingly evident over the past few decades due to the fact that global manufacturing requires shipping. For many of the developing nations, the strategy for their economies depended on exports of commodities, agricultural goods, and other manufactured products that were shipped. With globalization, these countries have become increasingly susceptible to shipping problems, congested ports, and price fluctuations. Climate change led to stronger storms, coastal erosion, salt water intrusion, and sea level rises affecting the infrastructure which is used by the developing countries in order to participate in global trade.

Historically, climate policy and trade policy were separated from each other. While negotiations on climate policy focused on emissions, trade talks addressed such issues as market access and tariffs. This division is now being re-examined because climate change and, in particular, extreme weather events, have direct implications for trade, such as higher transportation costs, disruptions to supply chains, and shifts in comparative advantage. UNCTAD has identified maritime transport as a key sector in this context, due to its centrality to international trade and connectivity, as well as its role in sustainable development and resilience. According to UNCTAD, recent disruptions to global maritime trade illustrate the vulnerability of the international trade system to climate-related disruptions. This is especially true for developing countries, which are more likely to rely on maritime transport for their trade and have less flexibility in adjusting their transport and supply chain management strategies in response to shocks.

Current Situation in the World

The current state of affairs is dire, as climate adaptation finance is severely lacking in relation to what developing countries actually need. According to UNEP's Adaptation Gap reporting, developing countries received approximately US\$26 billion in 2023 whereas total annual needs will be US\$310-365 billion by 2035. This means that flows today are much weaker than baseline levels needed to protect economies, infrastructure and trade systems from climate damage. The story is similar to the development finance for adaptation to climate change which has increased per year in LDCs but still represents only a small share of the amounts needed by OECD. At US\$87 billion, total official development finance to LDCs in 2023 (of which US\$20 billion was for adaptation-related finance) does not measure up compared to longer-term resilience needs. OECD also observes that the majority of these financing countries go towards infrastructure, transport and storage.

Meanwhile, UNCTAD says seaborne trade grew 2.2% in 2024, whereas ton-miles grew by 5.9% due to the fact that ships traveled longer routes. It resulted in additional expenses for fuel, insurance and ship handling costs and higher freight rates. At the same time, longer routes led to delays and missed windows of opportunity in deliveries. It made exports from developing countries, especially those relying on time-sensitive and low margin goods, more costly and noncompetitive. Since growth in the volume of containerised trade continued to be modest, UNCTAD forecasts growth in maritime trade of only 0.5% in 2025. These trends have translated into higher transport costs, slower trade flows and greater pressure on exporters in developing countries.

Ports are also feeling the pinch. Average port waiting times increased in both developing and developed economies between December 2023 and March 2024, according to UNCTAD. However, the same delay can have more serious consequences in Lagos than in Rotterdam due to the limited number of alternative ports and transportation links available. This delay could therefore result in longer queues, missed connections, storage and demurrage costs, as well as disrupt vital imports and exports, rendering the products from developing countries uncompetitive and raising prices for consumers. The maritime sector is going through a regulatory transition as well. The IMO Net-Zero Framework, adopted in April 2023, and to be formally adopted later in 2023, could create new carbon pricing and compliance schemes. This could finance just transition measures and port infrastructure in developing countries, but only if implementation is fair and revenue is actually targeted to vulnerable states.

Major Countries and Organisations Involved

Bangladesh:

A major example of a developing state vulnerable to climate and trade issues is Bangladesh, since it is a country with a coastal economy highly exposed to natural disasters and at the same time depending heavily on its export capacity. Any disruption in the transport infrastructure will influence the garment industry and other types of trade negatively.

Nigeria:

Another case example of a developing state highly dependent on maritime connectivity, but at the same time vulnerable to both climate-related problems and the issues with port management is Nigeria. It is one of the most important maritime countries of Africa and UNCTAD's conclusions about the problems of connectivity and African port performance prove why Nigeria requires investment into improving its climate resilience and trade facilitation.

China:

Is a significant investor in port infrastructure in developing nations via the Belt and Road Initiative. Investments made by China in African and South Asian ports have enhanced maritime connectivity, but there are also some worries surrounding the debt situation, lack of transparency, and the need for climate-resilient projects. Hence, it becomes crucial to consider China's position since funding for port development in developing nations is done by China along with Western organisations.

World Bank:

The World Bank plays an extremely important role when it comes to financing various climate adaptation and infrastructure initiatives in terms of the protection of transport routes. Its 2025 report on ports is a great example of the importance of the World Bank in the matter, because it suggests that ports could enhance their resilience by cooperating with the natural systems and applying a combined approach based on both ecosystems and engineering solutions.

United Nations Conference on Trade and Development (UNCTAD):

One of the most important organisations, which studies maritime trade, freight rates, port performance and the consequences of the shipping disruptions for development, is UNCTAD. The data provided in its 2025 report suggests that the pace of seaborne trade growth is decreasing, voyage distances increase and freight rates become increasingly volatile. Developing states need help in modernising their ports and enhancing trade facilitation due to climate challenges.

United Nations Environment Programme (UNEP):

This organisation is crucial because it provides information on the adaptation finance gap and points out that currently adaptation funding doesn't even come close to the amount required by vulnerable countries. The numbers provided in 2025 Adaptation Gap Report, which shows that developing countries will need more than US\$310 billion annually by 2035, while only US\$26 billion were available in 2023. This makes UNEP a key organisation for proving that climate adaptation is still extremely underfunded.

Timeline of Events

Date

Description of Event

2015

Paris Agreement adopted. The adoption of the Paris Agreement gave rise to the central global regime for climate governance and placed adaptation finance at the heart of international climate policy. In terms of developing countries, it was crucial since climate resilience has become an international responsibility and no longer a matter of a particular nation.

2015

Sendai Framework for Disaster Risk Reduction implemented. This framework called upon nations to cut disaster losses by means of preparedness, infrastructure and better planning. It is relevant to the topic under discussion because ports, roads, coastal logistics facilities are among the most vulnerable economic assets in case of climate shocks.

2018 - IMO emissions strategy

The international Maritime Organisation approved the Initial Strategy for the Reduction of GHG Emissions from Ships. It promoted the use of clean fuels, efficient ships, and advanced technologies in the field of maritime activity.

2021 - Glasgow Climate Pact

In the Glasgow Climate Pact, it is encouraged that the government takes necessary measures to strengthen climate change policies as well as funding for adaptation in developing countries. This is important since investments will be required in ports, roads, and logistics centres along the coast in order to protect them from floods and other natural climate hazards

2023

The UN Environment Program estimates the magnitude of the adaptation finance gap. The results of the UN Environment proved that the developing nations are getting a very small portion of necessary funds for climate adaptation. It became a warning signal about the inadequacy of the global financial system.

2024

Maritime disruptions add mileage to shipping UNCTAD reported that re-routing the global shipments resulted in an increase in ton.miles by 5.9%. Vessels had to travel longer and cost more money. Consequently, the transportation of goods became more expensive for developing countries with vulnerable logistics chains.

2024

Seaborne trade increases but becomes more vulnerable. UNCTAD pointed out that while the global maritime trade was growing, the global shipping system became more volatile due to geopolitical reasons, climatic routes. It became clear that developing nations could no longer rely on cheap shipping service.

2025

UNCTAD publishes the Review of Maritime Transport 2025. The report states that global

shipping is becoming increasingly uncertain, volatile and costly. Besides, it emphasised that developing nations, the least developed ones are small island states are particularly vulnerable because they don't have any other options in case of disruptions.

2025

The UN Environment Program publishes the Adaptation Gap Report 2025. UNEP warned that the developing nations will require approximately US\$310 to US\$265 billion annually by 2035 for climate adaptation. In other words, climate shocks will continue to affect their economies and trade systems unless finance is raised rapidly.

Relevant UN Treaties and Resolutions

Paris Agreement (2015):

The Paris Agreement remains the most important legal framework for this subject matter as it incorporates adaptation, resilience and finance as key pillars of the global response to climate change. Its significance for developing countries is the hope that they will be helped to adapt with international support, although it is often discussed in the context of emissions reduction.

UNFCCC climate finance framework:

The UN climate regime recognises that developed states should assist developing countries with climate impacts. This is directly relevant to economic resilience as ports, logistics systems and trade corridors require large up-front investment that many vulnerable states themselves can't afford.

Regulatory framework of IMO:

The IMO is important since the rules for shipping decarbonisation and maritime safety will determine the costs and incentives for global shipping. The Net-Zero Framework, a fund to support innovation, infrastructure and just transition measures in developing countries.

Agreement on Trade Facilitation of WTO:

The WTO Trade Facilitation Agreement is important because it could shorten delays and reduce administrative costs at borders and ports. As freight volatility increases, exporters in developing countries can benefit greatly from digital customs systems and simplified procedures.

Previous Attempts to solve the Issue

Climate finance commitments:

Many states have pledged support for developing countries but the problem is that pledges haven't always translated into enough adaptation funding. The UNEP findings show that the finance gap is still enormous, with vulnerable countries getting less than 10% of what they need.

Development Bank and Donor support:

Support has increased for resilience and infrastructure from the World Bank, OECD- related providers and other development partners, but the scale is still not enough to meet the demand. OECD data show strong growth in adaptation-related development finance for LDCs but still only a fraction of total need.

Maritime decarbonisation discussions:

IMO talks have pushed ahead with shipping decarbonisation, but many developing countries fear that climate regulation may raise transport costs without equity and finance built in. Therefore, UNCTAD stresses that revenues from new carbon pricing systems should help developing countries to invest in port infrastructure and transition measures.

Modernisation of ports:

Some countries have introduced digital customs systems, port community systems and maritime single windows to improve trade efficiency. UNCTAD says these tools are associated with better connectivity and performance but many poorer states lack the capital, expertise or cybersecurity capacity to use them at scale.

Possible Solutions

Establish a dedicated climate resilient maritime fund:

One of the most promising solutions would be to create a dedicated fund for climate-resilient ports, coastal logistics and trade corridors in developing countries. The fund should be focused on adaptation,

not only emission reduction, considering that many vulnerable countries require assistance to protect the trade systems they already depend on.

Prioritise grants and concessional finance:

Both the UNEP and OECD material note that adaptation finance often comes in the form of loans, which can worsen debt distress in vulnerable states. ECOFIN should support grants, highly concessional loans and debt-swapping mechanisms for climate adaptation so as to avoid creating new financial burdens.

Invest in port adaptation and nature based solutions:

The World Bank's 2025 guidance illustrates how ports can work with nature to build climate resilience, by employing mangroves, reefs, living shoreline, and sediment management to reduce storm impacts. These methods can be cheaper and more flexible than building hard infrastructure only.

Support digital trade facilitation:

UNCTAD says digital systems such as trade single windows, maritime single windows and port community systems increase connectivity and reduce the waiting times, increase transparency and make ports more flexible in times of disruption.

Use IMO climate revenues fairly:

UNCTAD says the IMO's Net-Zero Framework could also be a source of revenue through carbon pricing and emissions trading mechanisms. ECOFIN should advocate that some of this revenue should be used to support developing countries, particularly for port upgrades, shipping access and transition support.

Enhance regional logistics cooperation:

Many developing countries can increase resilience through regional pooling of logistics capacity. Shared transshipment hubs, emergency storage, regional shipping agreements and mutual aid for port recovery can help reduce the impact of climate shocks on any one country

Bibliography

“Climate Change Adaptation and Maritime Transport.” *UNCTAD*,
<https://unctad.org/topic/transport-and-trade-logistics/policy-and-legislation/climate-change-and-maritime-transport.paste.txt>

“Climate Impacts Accelerate, Finance Gap for Adaptation Efforts at Least 50% Bigger Than Thought.” *UNEP*,

<https://www.unep.org/news-and-stories/press-release/climate-impacts-accelerate-finance-gap-adaptation-efforts-least-50>.unep

“Development Finance for Least Developed Countries (LDCs): Focus on Climate Change Adaptation.” *OECD*, 11 May 2025,

<https://www.oecd.org/en/data/insights/data-explainers/2025/05/development-finance-for-least-developed-countries-ldcs-focus-on-climate-change-adaptation.html>.oecd

“Developed Economies Deliver \$136.7 Billion in Climate Finance in 2024, but Low-Income Nations Receive Only 7%.” *Down To Earth*, 20 May 2026,

<https://www.downtoearth.org.in/climate-change/developed-economies-deliver-1367-billion-in-climate-finance-in-2024-but-low-income-nations-receive-only-7>.downtoearth.org

“Global Maritime Transport: Staying the Course in Turbulent Waters.” *UNCTAD*, 2 Feb. 2026,

https://unctad.org/system/files/official-document/rmt2025overview_en.pdf.unctad

“How Ports Work with Nature to Build Climate Resilience.” *World Bank*, 19 Aug. 2025,

<https://www.worldbank.org/en/topic/disasterriskmanagement/publication/how-ports-work-with-nature-to-build-climate-resilience>.worldbank

“Nature-Based Solutions for Ports: An Overview of NBS Implementation in Practice, Opportunities and Challenges.” *PPP World Bank*,

<https://ppp.worldbank.org/library/nature-based-solutions-ports-overview-nbs-implementation-practice-opportunities-and-challenges.openknowledge.worldbank>

“New UNEP Report Flags that Adaptation Ambitions Don’t Have the Climate Finance to Support Them.” *Mongabay India*, 30 Oct. 2025,

<https://india.mongabay.com/2025/10/new-unep-report-flags-that-adaptation-ambitions-dont-have-the-climate-finance-to-support-them/>.india.mongabay

“Review of Maritime Transport.” *UNCTAD*,

<https://unctad.org/topic/transport-and-trade-logistics/review-of-maritime-transport>.paste.txt

“Review of Maritime Transport 2025: Staying the Course in Turbulent Waters.” *UNCTAD*, 23 Sept. 2025,

<https://unctad.org/publication/review-maritime-transport-2025>.unctad

“Scaling Up Adaptation Finance in Developing Countries.” *OECD*, 15 Nov. 2023,
https://www.oecd.org/en/publications/scaling-up-adaptation-finance-in-developing-countries_b0878862-en.html.oecd

“UNEP Adaptation Gap Report 2025.” *Climate-ADAPT*, 10 Nov. 2025,
<https://climate-adapt.eea.europa.eu/en/news-archive/unep-adaptation-gap-report-2025>.climate-adapt.eea.europa

“UNEP Adaptation Gap Reports.” *UNEP-CCC*, 30 Oct. 2025,
<https://unepccc.org/adaptation-gap-reports/>.unepccc

“UNEP Adaptation Gap Report 2025: Running on Empty.” *UNEP-CCC*, 3 Nov. 2025,
<https://unepccc.org/publications/adaptation-gap-report-2025/>.unepccc

“UNEP’s Adaptation Gap Report 2025 Warns of ‘Running on Empty’ Adaptation Finance.” *Greening the Blue*,
<https://greeningtheblue.org/stories/uneps-adaptation-gap-report-2025-warns-running-empty-adaptation-finance>.greeningtheblue

“UNEP’s Adaptation Gap Report 2025: Running on empty.” *WeADAPT*, 2 Nov. 2025,
<https://weadapt.org/knowledge-base/governance-institutions-and-policy/unep-adaptation-gap-report-2025-running-on-empty/>.weadapt

“UNEP Adaptation Gap Report 2025.” *Insights IAS*, 30 Oct. 2025,
<https://www.insightsonindia.com/2025/10/30/unep-adaptation-gap-report-2025/>.insightsonindia

“UNEP Adaptation Gap Report 2025.” *Insights IAS*, 30 Oct. 2025,
<https://www.insightsonindia.com/2025/10/30/unep-adaptation-gap-report-2025/>.insightsonindia

“World Maritime Transport 2025.” *UN Media*, 23 Oct. 2025,
<https://media.un.org/avlibrary/en/asset/d345/d3451775>.

“‘Yawning Gap’ Remains between Climate Adaptation Funds and Funding Pledges.” *UN News*, 28 Oct. 2025, <https://news.un.org/en/story/2025/10/1166212>.paste.txt